

DEC 07 2010

Memorandum

To:

Secretary Salazar

From:

Mary L. Kendall

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Subject:

Evaluation – Outer Continental Shelf (OCS) Oil and Gas Operations

Report No. CR-EV-MMS-0015-2010

On May 14, 2010, you requested that the Office of Inspector General (OIG) open an investigation into then-Minerals Management Service's (now Bureau of Ocean Energy Management, Regulation and Enforcement or BOEMRE) performance of its regulatory function. addressing whether specific deficiencies in MMS policies or practices exist that need to be addressed to ensure that operations on the Outer Continental Shelf are conducted in a safe manner protective of human life, health, and the environment.

Similarly, you requested that the OCS Safety Oversight Board (Board) make recommendations to improve and strengthen the Department's overall management, regulation, and oversight of OCS operations.

Since these requests were so similar in nature, the OIG agreed to lead a joint team of OIG and Energy Reform Team members in collecting and analyzing information. The joint team's fieldwork included interviews of more than 140 BOEMRE employees; 2 online surveys sent to nearly 400 BOEMRE employees; a review of over 2,000 documents, including statutes, regulations, policies, procedures, and guidance; and a detailed analysis and synthesis of the information developed from this work.

The joint team also drafted issue papers with proposed recommendations to advance the most pressing and pertinent issues that it developed in the course of 9 weeks, ending July 30. 2010. The joint team advanced its draft issue papers to the Board in early August 2010. The Board issued its report on September 1, 2010.

This report contains the OIG's independent view and analysis of many of the same issues advanced by the Board. It is drafted in the more traditional OIG style, in narrative form, containing some additional explanatory information than was included in the Board's report. The OIG worked very closely with the Board in the development of their report. We have made an effort to follow the general order of the Board's report, and to avoid any significant deviations in the language of the recommendations contained in the two reports. This report does, however, contain nine recommendations that were not included in the Board's report based on additional

OIG work. It also eliminates four of the recommendations included in the Board report that were either covered in other recommendations or not the result of our own work.

This report also includes the results of the surveys we issued to BOEMRE employees. We provide the full, unedited survey charts in the final chapter of the report for readers to draw their own conclusions. We have characterized some of these survey results in various sections of the report. In our analysis of the survey results, we took the position that employees who answered "Neutral" could not take a definitive stance on an issue. When we have characterized survey results that reflect minority opinions, we do so with the support of additional information gained through interviews. While this might be critiqued as a "glass half full" approach, we thought it important to point out some of the lesser weaknesses in BOEMRE's programmatic operations in order to address and correct them.

Since this report issues some time after the Board report, we want to clarify several things:

- 1. This report does not raise new issues; rather, it expounds upon those issues identified in summary fashion in the Safety Oversight Board report.
- 2. The issues we raise are based on the information we were able to assemble in a very short period of time. Our findings are indicators of areas that may warrant further review, but they are fully supported by information we developed through interviews, surveys, and document requests.
- 3. The findings contained in this report are accurate as of the time we completed field work. We would expect to have different findings were we to review the same issue areas today.
- 4. We recognize that many of the recommendations contained in this report are already being addressed by BOEMRE. We commend BOEMRE for the seriousness with which it took the recommendations and the dispatch with which it is acting upon them.

While we focused on areas in which deficiencies exist, our report is focused on change and improvement for more accountability, efficiency, and effectiveness in a Bureau fraught with challenges, but charged with significant responsibilities.

In the end, we must reiterate the observation contained in the Board report: Overall, the joint team found the BOEMRE employees it interviewed to be a dedicated, enthusiastic cadre of professionals who want nothing more than to do their jobs effectively and efficiently and to see their Bureau reorganize into a robust, high-performing, and respected organization. In that vein, however, these same employees provided us with ample information about the weaknesses of the program and operations, as well as suggestions about how they might best be addressed.

We respectfully request that you provide a written response to this report within 90 days. Your response should provide information on actions taken or planned to address the

recommendations detailed in this report, target dates, and titles of the officials responsible for implementation. Please address your response to:

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